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GENERAL

1. Possible Egyptian-Israeli peace negotiations--The US member of the UN Palestine Conciliation Commission (PCC) in Geneva has learned from the Israelis of a secret meeting between Israeli and Egyptian PCC representatives regarding the possibility of direct Israeli-Egyptian settlement negotiations. According to the Israelis, the Egyptian representative indicated that some commitment by Israel would be a necessary preliminary to direct negotiations and emphasized Egypt's interest in a territorial settlement in the Southern Negev which would provide contiguity with the other Arab states; the Israelis questioned Egypt's need for such contiguity and suggested that a non-aggression pact might be more palatable to Egypt than a formal peace settlement. The Israelis expressed a belief that the door had been left open for further discussions.

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EUROPE

2. NORWAY: Reaction to news of H-bomb--US Charge Villard in Oslo transmits the opinion of Norwegian Foreign Minister Lange that there is a definite undercurrent of defeatism and sense of futility in Norway resulting from news of the H-bomb and that there is real danger the idea of neutrality for Western Europe may receive some support in both Norway and Denmark. According to Villard, Lange considers the present US position regarding possible US-USSR atomic discussions "eminently correct and logical" but believes the US must not be put in a position of negativism regarding the atom control problem and that something must be done to demonstrate active and intensive effort toward a solution. Lange also expressed the opinion that

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State Dept. review completed

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T O P S E C R E T

the Atlantic Pact provides a framework for choosing a spokesman on behalf of all Western nations and that if the US could be chosen as such a spokesman, a meeting between the "two giants" might be the most suitable arrangement.

3. **GERMANY: East zone militarization reported**--US High Commissioner McCloy in Frankfurt has been informed that a large-scale remilitarization effort is being made in the Soviet zone of Germany, resulting in the formation of a military organization of 40,000 to 50,000 men. The High Commissioner comments that the military capabilities of this organization, which is under complete Soviet control, will remain negligible for at least another eight months. McCloy suggests that a Western protest against Soviet remilitarization activities would: (a) serve as a basis for further Western propaganda against the program; (b) register Western moral indignation; (c) undermine to some extent the current Soviet "peace" propaganda line; and (d) let the East Germans know that the West is "not completely unaware of developments" in the Soviet zone.

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